

Carol Ann Slocum, Esquire

Mark B. Sheppard, Esquire (*pro hac vice* admission pending)

James A. Petkun, Esquire (admitted *pro hac vice*)

**Klehr Harrison Harvey Branzburg LLP**

10000 Lincoln Drive East, Suite 201

Marlton, NJ 08053

Phone: (856) 486-7900

Fax: (856) 486-4875

cslocum@klehr.com

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEW JERSEY**

RICHARD MCBRIDE, JOHN BEVERLY,  
VICTOR LAMSON, DONALD TAYLOR,  
RYAN FENNAL, MICHAEL VENEZIALE,  
THOMAS MONZO, MANUEL  
MARTINEZ, DANIEL MITCHELL,  
KEVIN CUNNINGHAM, JUAN LOPEZ,  
WAYNE GROVE, WILLIAM NEWNAM,  
JR., and RYAN SHORT,

Plaintiffs

v.

KLINE CONSTRUCTION CO., INC.,  
KLINE CONSTRUCTION CO., INC.  
401(K) PLAN, KATHERINE KLINE-  
PENATE, J. EDWARD KLINE, and  
ROBERT MILLER,

Defendants.

**Civil Action No.: 1:19-cv-14275-NLH-JS**

**JURY TRIAL DEMANDED**

**CERTIFICATION OF J. EDWARD  
KLINE**

I, J. Edward Kline, hereby certify as follows:

1. I am the Chairman of the Board of Directors of Kline Construction Co., Inc. ("Kline Construction" or the "Debtor"). I make this Certification based on my personal knowledge and matters of public record in the bankruptcy proceedings of Kline Construction, Bankruptcy Case No.: 19-25757 (the "Bankruptcy Case").

2. My father founded Kline Construction in 1945 and I began working in the business when I was 14 years old. I have devoted 58 years to the business which grew to be one of the largest utility support contractors in New Jersey, with six locations. Kline Construction installs utility infrastructure throughout New Jersey and provides related services for road construction projects.

3. Kline Construction encountered business difficulties in late 2015 and 2018 that ultimately lead to its bankruptcy filing. First, Kline Construction was selected to do a significant job for South Jersey Gas Company that involved replacing gas mains and piping for all residential properties in Camden County. Unfortunately, the precision work required by the contract caused unexpected major financial losses due to excessive labor costs. In addition, Kline Construction obtained financing from Magyar Bank in 2017. The goal of the financing was to obtain working capital. However, after the costs of the financing and professional fees, Kline Construction had to come out-of-pocket to get the closing accomplished and the loan provided no working capital.

4. Kline Construction also had issues with accounting firms during this time period. In 2018, I brought in Ron Samarro, who was recommended to me by a third party, to help right the ship. However, it became necessary to file a bankruptcy case because of the different financial obstacles facing the company.

5. In the bankruptcy, Kline Construction has obtained a series of cash collateral orders with Magyar which has allowed it to continue business. Kline Construction currently has 161 employees and the goal is to reorganize the business through a strategic purchaser or with an investor. The Bankruptcy Court approved Kline Construction's retention of an investment banker last week. I believe that the marketing and sale process will be completed in seventy-five days or less.

6. While no prediction can be made, the goal of the sale process is to generate sufficient funds to pay as many valid claims against the company as possible.

7. I work every day at Kline Construction, usually arriving at 6:15 a.m. My daughter Kathie Kline-Penate, a vice president and secretary of Kline Construction, also works every weekday. In connection with cost cutting moves, the staff has been greatly reduced. Therefore, we are called upon not only to support the daily operations, maintain business relations with customers and answering questions as they arise, but we are also the ones that can point to necessary records relating to customers and other business matters. We expect to be working closely with the investment bankers since there are no other people here with the history and wealth of knowledge regarding the company that we have.

8. We are not seeking a prolonged stay of this action, but we do, however, want to have the ability to vigorously defend the allegations that have been made. Because of the critical point at which the reorganization efforts of Kline Construction are at, it is not possible for me to give the focus and attention to the business and perspective purchasers and investors while at the same time defending this case.

I certify under penalty of perjury that the foregoing statements made by me are true and I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Dated: December 9, 2019

By:   
J. Edward Kline  
Chairman of the Board of Directors